



**U. S. Department of Housing and Urban Development**  
Washington, D.C. 20410

OFFICE OF LEAD HAZARD CONTROL

POLICY GUIDANCE NUMBER: 96-01		DATE: March 14, 1996
SUBJECT:	Grant-related Issues: Capital equipment and cost reimbursements (letter of clarification)	
STATUS:	Superseded (see note below)	
APPLICABILITY:	All grant rounds.	
RELATED GUIDANCES:		
COMMENTS:	Items 1 and 2 below are superseded by Notice of Funding Availability requirements and grant assistance agreements. Item 3 remains active.	

Dear Grantee:

I am writing this letter to clarify several grant-related issues which have been raised in the past few months.

1. Period of Performance: A number of grantees got a late start in carrying out their projects because of contractor certification problems or other issues. Given this fact, the Department is prepared to entertain no-cost time extensions approximately 2-3 months before the period of performance is over. When you make this request, please state the reasons and the requested extension. Unless there are very compelling reasons, it should not be more than a year.

2. Equipment Purchase: In Round One, the grantees were required to get at least three quotes in order to demonstrate that it was less expensive to purchase equipment than to lease it for the period of the grant. As a result of this experience, it was demonstrated that purchasing was more economical in most cases. Rounds Two and Three grantees were not required to provide HUD with the quotes; instead they are required to secure the quotes and maintain them in an auditable file, in accordance with their small purchase regulations. The equipment, including computers, printers and XRF analyzers, will remain the property of the grantee, unless HUD specifies otherwise.

3. Cost Reimbursement Expenditures. Your grants are considered cost reimbursable, which means the costs are to be incurred and then reimbursed by HUD. Some grantees have asked about subcontracts or subgrants and when they can pay the subcontractors/subgrantees. The costs are considered incurred when the subcontract/subgrant agreement is executed and can be reimbursed at that time. For example, a grantee has executed a subcontract with a lead abatement contractor for \$500,000 to perform abatement for 2 years. The grantee may voucher HUD for \$500,000 at that time and will pay the subcontractor as he performs the abatement over the 2 year period.

I hope this answers some of your questions. If there are more, please let me know.

Sincerely,

Karen Williams, Grant Officer